

Message Text

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SUBJECT: AMTORG RELOCATION

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SUMMARY: WITH REFERENCE TO REFTEL, WHICH RECEIVED DECEMBER 21, DEPARTMENT'S DEADLINE DID NOT PERMIT US TO CONTACT RESIDENT US FIRMS. MOST OF WHOSE REPRESENTATIVES ARE OUT OF MOSCOW FOR THE HOLIDAYS. OF THE TWENTY-FOUR ACCREDITED US FIRMS, ONLY TWO HAVE INFORMED US THAT THEY HAVE YET TO BE PROVIDED ADEQUATE OFFICE FACILITIES. TWO OTHERS, HOWEVER, HAVE SAID THEY ARE LOOKING FOR BETTER FACILITIES THAN THEY NOW ENJOY. IN GENERAL, COMPLAINTS ABOUT OFFICE SPACE HAVE NOT BEEN HIGH ON THE LIST OF ISSUES DISCUSSED IN OUR PERIDOC MEETINGS WITH RESIDENT BUSINESSMEN. ON THE OTHER HAND, OF COURSE, THEY HAVE BEEN VERY CRITICAL ABOUT LARGE INCREASES IN RENT WHICH THEY HAVE OBLIGED TO PAY FOR OFFICE SPACE. ASIDE FROM THIS CONSIDERATION, AND SUBJECT TO CAVEAT THAT WE WOULD HAVE LIKED TO HAVE HAD THE CHANCE TO SOUND OUT EACH FIRM BEFORE TRYING TO OFFER COLLECTIVE JUDGEMENT, IT IS OUR CONCLUSION THAT SPACE PICTURE DOES NOT LOOK TOO BAD AT PRESENT FOR ACCREDITED US COMPANIES.

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1. OF TWENTY-FOUR ACCREDITED US FIRMS WHO EITHER HAVE OR SOON HOPE TO HAVE OFFICE SPACE IN MOSCOW (INCLUDING PAN AMERICAN AND AMERICAN EXPRESS CORPORATION WHICH ARE SPECIAL CASES FOR PURPOSES OF THIS CABLE SINCE THEY EACH COME UNDER SPONSORSHIP OF SEPARATE SOVIET ORGANIZATIONS, I.E., AEROFLOT AND INTROUIST, RESPECTIVELY, FOR PURPOSES OF RECIPROCITY),

ONLY TWO -- ALLIS-CHALMERS AND ARMCO STEEL-- HAVE INFORMED US THAT THEY LACK ADEQUATE OFFICE FACILITIES. BOTH LATTER FIRMS RECEIVED THEIR ACCREDITATION, HOWEVER, ALONG WITH SPERRY-UNIVAC IN FIRST PART OF THIS YEAR. THUS, IT IS SOMEWHAT UNDERSTANABLE THAT AS MOST RECENTLY ACCREDITED U.S. FIRMS IN MOSCOW THEY WOULD STILL BE EXPERIENCING DIFFICULTIES WITH SOVIETS OVER OFFICE SPACE.

(SPERRY-UNIVAC HAS APPARENTLY CHOSEN TO CONTINUE OPERATIONS OUT OF SUITE OF ROOMS IN INTOURIST HOTEL WHICH FIRM HAD OCCUPIED FOR SEVERAL YEARS BEFORE ACCREDITATION.) ALTHOUGH WE KNOW ALLIS-CHALMERS TO BE ACTIVELY PURSUING ITS SEARCH FOR PERMANENT OFFICE SPACE IN MOSCOW, WE UNDERSTAND FROM ARMCO REP. WHO COMMUTES FROM WESTERN EUROPE THAT HIS FIRM IS GOING SLOW IN QUEST FOR OFFICE FACILITIES RIGHT NOW APPARENTLY TO TEST COMMERCIAL WINDS AND, MORE LIKELY, FOR BUDGETARY REASON AS WELL.

2. OF REMAINING FIRMS, TWO ARE CURRENTLY SEEKING "BETTER" OFFICE SPACE THAN THEY HAVE NOW:
ARTHUR ANDERSEN & CO. (WANTS OUT OF CRAMPSED QUARTERS IN LENINGRADSKAYA HOTEL) AND AMERICAN EXPRESS (WANTS OUT OF BACK CORRIDOR SUITE OF ROOMS IN METROPOLE HOTEL). LATTER CASE NOW SUBJECT OF SEPARATE EXCHANGE OF NOTES BETWEEN LIMITED OFFICIAL USE

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DEPARTMENT AND SOVIET EMBASSY IN WASHINGTON.
IN FORMER CASE, ARTHUR ANDERSEN REP TOLD COMATT DECEMBER 21 THAT SOVIETS HAVE "PROMISED" FIRM NEW AND LARGER QUARTERS IN ANOTHER SECTION OF MOSCOW NOT IN A HOTEL. AA REP SAID HE HAS BEEN SHOWN THIS NEW OFFICE SPACE AND EXPRESSED GENERAL SATISFACTION WITH IT, ALTHOUGH HE WAS CLEARLY UNHAPPY OVER LENGTH OF TIME IT HAS TAKEN SOVIETS TO COMPLETE RENOVATIONS -- WHICH HAVE REPORTEDLY BEEN UNDERWAY FOR OVER A YEAR -- AND WOULD LIKE TO SEE REAL MOVEMENT SOON.

3. IN SUM, OFFICE SPACE PICTURE DOES NOT LOOK TO BAD FOR US ACCREDITED FIRMS IN MOSCOW RIGHT NOW. WE HAVE HEARD RELATIVELY FEW COMPLAINTS IN THIS SCORE, ALTHOUGH MANY REPRESENTATIVES HAVE BEEN DISTRESSED BY LARGE INCREASES IN RENT LEVIED BY SOVIET AUTHORITIES. ASIDE FROM THIS CONSIDERATION, WHILE THERE IS ALWAYS ROOM FOR IMPROVEMENT, WE FEEL THAT SITUATION FOR MOST FIRMS IS PROBABLY AS GOOD FROM THEIR POINT OF VIEW AS IT HAS EVER BEEN.

TOON

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